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**NCOIL Annual Meeting
November 17-20, 2021
REGISTRATION WILL
OPEN AUGUST 15**

NCOIL Concludes Successful Hybrid 2021 Summer Meeting in Boston, MA

***Massachusetts Governor Charlie Baker Delivered Keynote Address;
Five Model Laws Re-Adopted***

NCOIL concluded a successful hybrid 2021 Summer National Meeting (Meeting) in Boston, MA on July 17th at the Westin Boston Waterfront. 350 total attendees participated in the Summer Meeting – 273 in person and 77 virtually consisting of 68 legislators from 29 states, 28 first time legislators, 5 Insurance Commissioners (or equivalent), and 12 insurance departments. The seven policy Committees all met, as well as the fifth and final meeting of the Special Committee on Race in Insurance Underwriting.

NCOIL President, Indiana Rep. Matt Lehman said, “I couldn’t be happier to see the number of people who decided to attend this meeting in person. Things felt like they were beginning to get back to normal during our Spring Meeting in Charleston, and this meeting confirms it. People are ready to see each other in person and discuss important issues face to face. I have high hopes for our Annual Meeting returning fully back to normalcy.”

NCOIL CEO, Commissioner Tom Considine said, “Boston was a spectacular location for our Summer Meeting, and attendees really enjoyed the city. We were so pleased with Massachusetts Governor Charlie Baker’s Keynote Address and I know that everyone really enjoyed hearing from him.” Considine continued, “This Meeting also had an extremely high number of first-time legislators. As an organization that is comprised of legislators, we were thrilled to see the number of legislators who chose to attend their first NCOIL Meeting. The way for us to continue to grow is by having dedicated legislators attend our meetings and engage in important insurance public policy discussions.”

The Meeting began with the Audit and Budget Committee Meetings on Wednesday afternoon, followed by the Welcome Breakfast where participants were greeted by Dominick Ianno, Head of State Government Relations at MassMutual.

After the Welcome Breakfast, the Workers’ Compensation Insurance Committee heard from Jeff Eddinger, Executive Director, Regulatory Business Management at the National Council on Compensation Insurance (NCCI) who delivered a “State of the Line” presentation focusing on the status of and trends in the workers’ compensation insurance marketplace; and from Steve Wurzelbacher, PhD, CPE, ARM, Director – Center for Workers’ Compensation Studies (CWCS), National Institute for Occupational Safety and Health (NIOSH), Centers for Disease Control and Prevention (CDC), who delivered a presentation titled “Using Workers’ Compensation Data and Systems to Improve Safety and Health.” The Committee also re-adopted the

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Rep. Matt Lehman, IN
President



Thomas B. Considine
NCOIL CEO



Asm. Ken Cooley, CA
Vice President



Asm. Kevin Cahill, NY
Treasurer



Rep. Joe Fischer, KY
Secretary



Sen. Jason Rapert, AR
Immediate Past President



Sen. Travis Holdman, IN
Immediate Past President

Insurtechs and Special Purpose Acquisition Companies: The initial flurry may have slowed, but interest remains high for insurtech SPACs

Burke Coleman, Chief Regulatory and Compliance Counsel for Demotech, Inc.

By: The Industry Education Council*

Special Purpose Acquisition Companies (SPACs) have been a hot trend in equity markets, with SPAC formations increasing heavily over the last couple of years and significant investor interest focused on the insurance industry—specifically insurtechs. Demotech reviews and rates a number of insurtechs, including American Digital Title Insurance Company, Branch Insurance Exchange, Clearcover, Gateway, Granular, Lemonade, Kin Interinsurance Network and TypTap, and monitors the M&A activity and capital structures that support these companies. SPACs provide a strategic opportunity for some companies to access public equity markets, but are not without their downsides and uncertainties.

SPACs, also known as “blank check companies,” have been in existence for the last few decades and are an alternative process allowing companies to access equity markets via merger rather than a traditional IPO. The SPAC has no operations of its own and is formed by a sponsor and with the sole purpose of raising capital and merging with an existing company. The SPAC makes standard IPO filings with the SEC, but the burden is lighter with no existing or historical operations to report. SPAC investors are betting that the sponsors will find a promising merger target. SPACs are required to complete a merger or liquidate the business within a designated period time—with exchange rules typically specifying 24 months. Most SPACs issue at \$10 per share, with the funds held in a trust account until a merger is completed.

*This column is a submission of the Industry Education Council (IEC) and reflects the IEC’s perspective on the issue(s) discussed. The views, thoughts, and opinions expressed in the column do not necessarily reflect those of NCOIL.

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Special Committee on Race in Insurance Underwriting Adopts Series of Resolutions

Resolutions Focus on Use of Certain Rating Factors, Artificial Intelligence, and Insurance Score Transparency; Committee Refers Certain Issues to NCOIL Standing Policy Committees

The NCOIL Special Committee on Race in Insurance Underwriting (Committee) adopted three Resolutions on the topic at the NCOIL Summer Meeting (Meeting) in Boston, MA on Thursday, July 15. New York Senator Neil Breslin Chairs the Committee which was formed in September of last year.

During the Meeting, the Committee adopted unanimously three resolutions sponsored by Sen. Breslin and Indiana Representative and NCOIL President, Matt Lehman: Resolution Regarding the Use of Certain Rating Factors (Rating Factor Resolution); Resolution Regarding the Use of Artificial Intelligence in Underwriting (AI Resolution); and Resolution Regarding Insurance Score Transparency (Transparency Resolution). The NCOIL Executive Committee adopted all three Resolutions unanimously on July 17.

Having met its charges, the Committee now sunsets pursuant to NCOIL bylaws. However, the AI and Transparency Resolutions refer certain issues to NCOIL standing policy committees for further discussion and consideration.

Specifically, the AI Resolution states that while NCOIL believes that the use of AI will surpass the use of individual factors in insurance underwriting, the issue falls beyond the Committee’s charges and therefore NCOIL should undertake a review of the use of AI in insurance underwriting through the committees of jurisdiction over each line of insurance to ensure that such use is not unfairly discriminatory.

The Transparency Resolution states that consumers, policymakers, insurance producers and the insurance industry would benefit greatly from additional transparency in the development and usage of insurance scores, similar to that used for credit scores, and refers the issue to the NCOIL Property & Casualty Insurance Committee to develop a Model Law on Transparen-

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Future NCOIL Meetings:

Annual 2021
November 17—20
Scottsdale, AZ

Spring 2022
March 3—6
Las Vegas, NV

Summer 2022
July 13—16
Jersey City, NJ

Annual 2022
November 16—19
New Orleans, LA

Spring 2023
March 9—12
San Diego, CA

NCOIL Concludes Successful Hybrid 2021 Summer Meeting in Boston, MA Cont'd

following Model Laws: Trucking/Messenger Courier Industries Workers' Comp Model Act; Model Agreement Between Jurisdictions to Govern Coordination of Claims and Coverage; Model State Structured Settlement Protection Act (NSSTA/NASP Compromise Model).

The Institutes Griffith Foundation hosted a legislator luncheon during which Dr. Brad Karl, Distinguished Associate Professor in Risk Management & Insurance and the Chair of the Department of Finance & Insurance in the College of Business at East Carolina University, delivered a presentation titled "Surplus Lines Insurers: A Market Outside the Regulated Market."

The Special Committee on Race in Insurance Underwriting, Chaired by New York Senator Neil Breslin, adopted three resolutions: Resolution Regarding the Use of Certain Rating Factors; Resolution Regarding the Use of Artificial Intelligence in Underwriting; Resolution Regarding Insurance Score Transparency. The Resolutions focused on artificial intelligence and insurance score transparency refer certain issues to NCOIL standing policy committees. Having met its charges, the Committee now sunsets pursuant to NCOIL bylaws.

Senator Breslin said, "The Committee has made great progress since its inception, and I am very proud of all of its hard work. Since its first meeting in December, the Committee heard differing perspectives from numerous speakers on extremely important issues. While the Committee now sunsets, several of the issues the Committee discussed will now be referred to standing NCOIL policy committees for further discussion and possible development of NCOIL model laws. I look forward to being involved in those conversations."

The Joint State-Federal Relations & International Insurance Issues Committee heard from Roderick Scott, Board Chair of the Flood Mitigation Industry Association who led a panel discussion on developing a potential NCOIL model law focused on the implementation of the federal Safeguarding Tomorrow through Ongoing Risk Mitigation (STORM) Act. The Committee also heard from Tony Hake of the Federal Emergency Management Agency (FEMA) on its new rating methodology for the National Flood Insurance Program- Risk Rating 2.0: Equity in Action. Catherine Fisk, Barbara Nachtrieb Armstrong Professor of Law at UC Berkeley School of Law, and representatives from the National Association of Insurance and Financial Advisors (NAIFA) also briefed the Committee on the federal Protecting the Right to Organize (PRO) Act (H.R. 842/S.420)

The day concluded with the Life Insurance & Financial Planning Committee meeting where the Hon. Mary Jo Hudson, Partner at Squire, Patton, Boggs and Former Ohio Insurance Director, and Karen Schutter, Executive Director of the Interstate Insurance Product Regulation Commission (IIPRC), briefed the Committee on IIPRC developments; Bradford Campbell, Partner at Faegre, Drinker, Biddle & Reath, LLP discussed federal retirement initiatives; and Peter Galanis, President of the National Organization of Life & Health Guaranty Associations (NOLHGA) provided an update on the status and future of life and health insurance guaranty associations.



Friday began with the meeting of Financial Services & Multi-Lines Issues Committee. The Committee: further discussed the pending Remote Notarization Model Law, sponsored by LA Rep. Edmond Jordan, Chair of the Committee; heard from Richard Smith, President of the Vermont Captive Insurance Association, Sandy Bigglestone, Director of the Vermont Insurance Department's Captive Insurance Division, and Dave Provost, Deputy Commissioner of the Vermont Insurance Department's Captive Insurance Division, on Vermont's globally successful captive insurance market and how it relates to the pending NCOIL Uniform Captive Insurer Model Act, sponsored by Sen. Jason Rapert (AR), NCOIL Immediate Past President; and heard an update on state insurance regulatory sandboxes.

Reminder that Contributing States are eligible for two legislator stipends per National Meeting to help underwrite the cost of participating. Click below for more information

Please contact Tess Badenhausen at tbadenhausen@ncoil.org with any questions.

LEGISLATOR STIPENDS NOW AVAILABLE FOR CONTRIBUTING STATES

CLICK HERE FOR MORE INFORMATION

NCOIL One on One

Interested in learning about another NCOIL member? Click on the link [here](#) to learn more about Arkansas Representative Deborah Ferguson.

If you haven't had a chance to watch previous interviews with NCOIL President, IN Representative Matt Lehman, NY Assemblywoman Pam Hunter, and OH Senator Bob Hackett, please visit our YouTube channel [here](#).

Stay tuned for next months NCOIL One on One, coming out in August.

Reminder to subscribe to the NCOIL YouTube Channel

Weren't able to attend our past meetings? Interested in our upcoming meeting, but not able to attend? Good news— you can visit our YouTube channel for recordings of past meetings. Sessions from the Spring Meeting in Charleston are posted on our YouTube channel now.

Visit the link below to subscribe and keep up to date on all things NCOIL!

<https://www.youtube.com/channel/UCe09Z77z4q6HG1kv3fDG7Bq>



PRESENTATIONS AND MATERIALS

CLICK HERE FOR MORE INFO

IEC Quarterly Column Cont'd

According to a June 1 article by Bernard Goyder at Inside P&C Daily, initial enthusiasm for Insurtech SPACs that agreed to merge with Hippo, Doma, and Qomplx has cooled. At the time of Goyder's article, the SPACs associated with each target company were trading below \$10 per share (though at the time of writing this article, Reinvent Technology Partners Z (RTP-UN) (target Hippo) had bounced back above \$10). Recently, price fluctuations in SPACs have typically been mild, staying near the \$10 trust value of the shares. Nevertheless, as identified by Goyder, the outstanding question for SPACs is "whether investors in the original blank check company will retain their investment in the newly merged company, or instead cash out for \$10 per share, plus interest." Redemptions are lost capital for the newly merged company and could pose additional challenges for the company as it may be sent searching for additional capital—especially as private investment in public equity (PIPE) has become "more discerning." Goyder noted that various factors are specifically impacting insurtech SPACs, including, for example, Uri storm losses affecting Hippo and decreasing cyber (re)insurance capacity potentially impacting Qomplx.

Although SPAC interest has cooled from earlier this year, activity remains high, SPAC markets are stabilizing, and the strategy appears to be here for the long-term. SPACs remain an attractive vehicle and a large number of these blank check companies seeking target mergers seem optimistic about insurtechs. Goyder reported in his article that Kin Interinsurance Network and TypTap both may be in line for mergers with SPACs.

SPACs will continue to face challenges. Investors place confidence in the sponsors to find a promising merger target at a good valuation—which is always an uncertain prospect. Redemptions will leave open questions about capitalization and deal valuation. The SEC is considering new rules for SPACs relating to material disclosures and investor protection. And an increase in SPAC-related litigation could raise new concerns—and D&O prices across the market. Despite these challenges and unknowns, SPACs will continue to provide a valuable alternative to accessing equity markets and many anticipate interest in insurtech SPACs to remain high.

Burke Coleman is Chief Regulatory and Compliance Counsel for Demotech, Inc. Burke can be contacted at bcoleman@demotech.com. This article is for informational purposes only, is not intended as investment or legal advice, and is not a substitute for independent legal analysis and advice on a particular issue.

Special Committee on Race in Insurance Underwriting Cont'd

cy in Insurance Scores with the goal of achieving parity with the transparency in the development and usage by lenders & credit bureaus of credit scores.

The Rating Factor Resolution puts NCOIL on record as finding that it views as contrary to public policy and unfairly discriminatory the use of all data in the underwriting of private, non-commercial insurance that is: related to non-pending arrests, charges and indictments that do not result in conviction; related to convictions that do not relate in any way to fraud; or are not related to the insurability of a prospective or existing policyholder, and urges state legislatures to prohibit its use.

Additionally, the Rating Factor Resolution states that NCOIL does not find, at this time, based on current available data, any additional factors used in the underwriting of private, non-commercial insurance to be unfairly discriminatory, but does find that they could be potentially unfairly discriminatory in their application, and NCOIL recognizes that legislatures may conclude, either today or in the future, that such rating factors should be prohibited or restricted due to public policy and fairness considerations that are deemed to outweigh the actuarial justification and predictive value such factors may possess. Further, the Rating Factor Resolution noted that NCOIL believes the review of underwriting fairness is one that States should conduct on an annual basis.

Senator Breslin said, "I am honored to have Chaired this very important Committee and am proud of the work that we have accomplished. Since being formed, we have heard from a variety of speakers, all of whom were very knowledgeable with differing opinions and viewpoints. Hearing from such a diverse group of experts enabled the Committee to produce the strongest possible work product. The three Resolutions represent a sound and fair

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NCOIL Concludes Successful Hybrid 2021 Summer Meeting in Boston, MA Cont'd

The NCOIL-NAIC Dialogue was very productive and included Idaho Insurance Director and NAIC President-Elect Dean Cameron, Oklahoma Insurance Cmsr. Glen Mulready, and Mississippi Insurance Cmsr. Mike Chaney. The dialogue included discussion on Environmental, Social, and Governance Issues which consisted of updates on the NAIC Special Committee on Race in Insurance and Regulating Climate Change Risks. There was also a discussion on the International Monetary Fund 2020 Financial Sector Assessment Program Review of the US Financial Regulatory System, and the Federal Insurance Office's (FIO) request for information (RFI) regarding the personal auto insurance market.



MA Rep. Jamie Murphy introduced Massachusetts Governor Charlie Baker, who delivered the Keynote Address at Saturday's luncheon. Governor Baker spoke on the efforts that Massachusetts took to ensure its citizens were prepared to tackle COVID-19, including borrowing the New England Patriot's private jet to transport three million masks from China, through Alaska and back to Boston. He also spoke on the importance of state-based government and regulatory policies, and the value of bi-partisanship.

The day concluded with the Property & Casualty Insurance Committee meeting which was very active. The Committee: heard an update on property & casualty insurance guaranty funds from National Conference of Insurance Guaranty Funds (NCIGF) representatives; discussed recently enacted post-disaster claims handling legislation sponsored by Oregon Rep. Pam Marsh, Chair, of the Oregon House Committee on Energy and Environment; discussed the warranty legislative and regulatory landscape; and re-adopted the NCOIL Property/Casualty Flex-Rating Regulatory Improvement Model Act.

The Health Insurance & Long Term Care Issues Committee was the last policy committee to meet and was very productive. Discussion continued on the NCOIL Telemedicine Authorization and Reimbursement Model Act, sponsored by Asw. Hunter, and the NCOIL Accumulator Adjustment Program Model Act, sponsored by AR Rep. Deborah Ferguson, Vice Chair of the Committee, AR Sen. Jason Rapert, ND Rep. George Keiser, and Asw. Hunter. Additionally, a panel of legal experts discussed the implications of recent litigation on the NCOIL Model Act Regarding Air Ambulance Patient Protections, sponsored by IL Rep. Thaddeus Jones; KY Rep. Deanna Frazier; TX Rep. Tom Oliverson, M.D.; and WV Del. Steve Westfall. The panel consisted of Chris Brady, General Counsel at Air Methods Corporation (AMC), Daniel Schwarcz, Fredrikson & Byron Professor of Law at the University of Minnesota Law School, and Charlotte H. Taylor, Esq., Partner at Jones Day. The Committee also re-adopted the NCOIL Employer-Sponsored Group Disability Income Protection Model Act.

There were also three interesting and timely general sessions: "Developments in Medical Treatment for Obesity"; "The Delicate Balance of Legislative Oversight"; and "Cyber Insurance: The Challenges of Ransomware and Beyond."

The Summer Meeting concluded with the Business Planning and Executive Committee meeting.

NCOIL President, Indiana Rep. Matt Lehman said, "Based on the turnout of this meeting, I continue to be optimistic that the Annual Meeting will be very close to the pre-pandemic sense of normalcy, with all attendees joining us in Scottsdale in person. Boston was full of great discussions, excellent speakers, and a really high amount of first-time legislators. I know that I am not the only one looking forward to meeting again in Arizona where the agenda will be packed with issues to discuss and model laws to develop and adopt."

Committee meeting minutes will be posted soon at www.ncoil.org. Recordings of all meetings and sessions will also be posted on the NCOIL YouTube Channel soon.

Special Committee on Race in Insurance Underwriting Cont'd

way to simultaneously meet the Committee's charges and recognize that other issues should be referred to NCOIL standing policy committees having fallen outside the Committee's scope."

NCOIL CEO, Commissioner Tom Considine remarked, "Representative Lehman, Senator Breslin, and the Committee members deserve a ton of credit for all of their hard work throughout the past several months. The Committee was diligent from its inception in making sure to gather as much information as possible from a wide array of sources, while at the same time being mindful of the need to complete its charges in a timely fashion. I think it's fair to say that some Committee members would have preferred that it go farther, while others would have preferred it not go nearly as far. I think that is generally a good sign. As an organization, we will make sure to continue the critical work on the issues of AI and insurance score transparency through our standing policy committees."

NCOIL President, IN Rep. Matt Lehman, said, "When I formally announced the creation of this Committee last September, I said that NCOIL needs to take a more active role in framing the discussions around race and insurance underwriting that can have a huge impact on both policyholders and the insurance industry as a whole. As the organization representing state insurance legislators who have proper constitutional jurisdiction over the significant public policy issues related to regulating the business of insurance, NCOIL's voice needed to be heard."

"Indeed," Lehman continued, "NCOIL's voice has been heard and the organization has been a leader the past several months in taking important action in a timely manner while making sure that all voices and perspectives are heard."

"However, as the AI and insurance score transparency Resolutions state, just because the Committee has met its charges and completed its work, that does not mean that these issues are no longer important and need not be further examined. I am very interested in the discussions that will take place during the Property & Casualty Committee regarding the development of an insurance score transparency model law. That issue is one that I, both as a legislator and an agent, feel particularly strong about."

The video recording from the meeting will be posted on the NCOIL website soon.

The Resolutions can be found [here](#).